

**Statement of U.S. Representative Edward J. Markey (D-MA)
Ranking Democrat, House Subcommittee on Telecommunications and the Internet
Full Committee Broadband Hearing**

April 25, 2001

Good Morning. Today we will hear testimony on legislation that was introduced just yesterday that eliminates key market opening provisions of the Telecommunications Act and allows the Bell companies into long distance for so-called "data" services. This legislation is highly flawed for 3 key reasons it's un-digital, unnecessary, and unfair.

It's "un-digital" because it fails to recognize the fundamental truth about going digital. By converting all information into a series of zeros and ones, digital helps to create a "technological Esperanto" all media can speak all forms of information. Videos, photos, email, faxes, music, everything can be expressed technologically as zeros and ones.

Conversely, this legislation creates a technological land of make-believe where bits travelling through networks can be magically separated into voice and data. Rather than learning what technology teaches us and getting in sync with convergence, this bill represents a "digital divergence." Ripping certain bits out of a network to be treated by regulators differently turns back the clock. It presents once again the problem of trying to force certain services into particular regulatory boxes even as technology renders such classification antiquated or meaningless.

This bill is also unnecessary. The Bells don't need legislation in order to provide digital services. They can and do offer DSL services today. The Bells don't need legislation to offer Internet access. Again, they offer such services today.

Moreover, the Telecomm Act allows the Bells into long distance after they've met the requirements of a competitive checklist in a State. They've done this in 5 States. In other words, the key to entering the long distance market is in their own hands.

In addition to being un-digital and unnecessary, this bill is also unfair. In the aftermath of the enactment of the Telecommunications Act of 1996, several new commercial enterprises were launched and they began to win customers, provide new services, and invest in infrastructure. In fact, they poured over 60 Billion dollars into new infrastructure. They delivered on the promise of the Act by deploying new digital services, prompting the incumbents to finally getting around and offering such services themselves.

And this is the thanks these new companies get.

They get a bill that drops a boulder of uncertainty into the marketplace and a proposal that eliminates market-opening provisions of the Telecomm Act and frees the Bells into the long distance marketplace before they have met the competitive checklist in a State. It's an incumbency protection program, plain and simple.

It shields the Bell companies while emptying a six-shooter into the heart of new economy companies. It's a competition killer. That's because in order to benefit these 4 corporate behemoths, thousands of companies will suffer the consequences. Beyond raising the specter of monopoly providers in certain regions and markets throughout the country, the bill accelerates the trend toward monopsony, where there will only be one buyer. Rather than dozens of companies building networks and buying equipment

we'll have one major purchaser of manufactured goods and software for the network over vast regions of the country. That will stultify economic growth and innovation.

Our national economic interest is furthered by a policy that reinvigorates telecommunications competition and encourages America's high tech equipment manufacturers to become the worldwide arms merchants of the information revolution. Consumers benefit when warring parties fight for their loyalty in the telecomm marketplace they lose when the government blesses détente for major companies.

Now, a word about the process by which we are considering this legislation. Going right from a Full Committee hearing today into a Subcommittee markup is a disservice not only to the members of the Subcommittee who will have little time to reflect and benefit from today's proceedings but also to our witnesses who are taking time out of their lives to inform and educate us. Given the importance of the bill to our economy it is unfortunate that more time was not allocated at this particularly precarious time in the capital markets and in our national economy to better examine the proposal in that light. Moreover, while many of us on the Committee have spent years working on these issues, many members are new to the Committee, or new members of the Telecommunications Subcommittee this session. I think it is disrespectful to the issues at stake not to accord Members a full set of hearings this year and to engage in discussions with them as information comes to light. After all, it's only April 25th. What's the rush?

The announced schedule is for a markup tomorrow. I would have preferred additional hearings or at least moving the markup back into next week. If we proceed tomorrow then I'll offer amendments and we will have votes on amendments tomorrow.

Thank you, I yield back.

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